

The Tax Credit for Installing Energy Efficient Windows, Doors and Skylights

As a homeowner, you can claim tax credits if you upgrade your homes (your primary residence) with energy efficient building envelope components, including **exterior windows, doors and skylights**. This way you can reduce your income tax by ten percent of the purchase price (not including installation costs) of qualified components installed in 2006 or 2007. While a total of up to \$500 can be claimed during these years, the maximum total credit for windows (including storm windows and skylights) is \$200. Doors (whether glazed or opaque, including storm doors) are subject only to the \$500 cap.

Even with this 10 percent tax credit, retrofitting a home with energy efficient windows and doors may still be a costly affair. But considering the rising costs for heating and cooling and the advances in window technology that allow lowering these costs, it does not take long for a retrofit to pay itself off. Replacing old windows and doors with ENERGY STAR windows and doors can save home-owners hundreds of dollars in heating and cooling costs each year.[†] And now the tax credit offers you the chance to save money even before the energy-cost-savings kick in. And, of course, more efficient windows and doors also substantially enhance comfort, reduce condensation, and help to protect the environment and conserve limited resources.

Tax Credit for Efficient Windows (including skylights and storm windows)

- For windows installed in 2006 and 2007
- 10% of purchase price
- Maximum credit: \$200 for windows and skylights, \$500 for doors
- ENERGY STAR windows and skylights qualify

The IRS form for requesting the home improvements tax credit is [IRS Form 5695](#), which you will need to file with your taxes.



Gain the tax credit with ENERGY STAR Windows

All ENERGY STAR windows and skylights qualify for the tax credit if they are installed in the regions shown on the ENERGY STAR label. You should keep the ENERGY STAR label with your records, but you are not required to attach it to your tax form.

Qualifying exterior doors

To claim the tax credit for doors, you need to obtain a manufacturer's certification statement, which states that the doors are qualified for the tax credit in your climate. Keep this statement with your records.

Overall information on the tax credit

This document is not intended to constitute legal or tax advice. More comprehensive information can be obtained from IRS Notice 2006-26, which is available on the IRS website. Individuals should consult their own independent tax advisers.

For more information on the tax credit for home energy efficiency improvements, view the websites of:

- The Alliance to Save Energy <http://www.ase.org/content/article/detail/2654>
- The ENERGY STAR site http://www.energystar.gov/index.cfm?c=windows_doors.pr_windows

[†] View estimated savings on the ENERGY STAR site http://www.energystar.gov/index.cfm?c=windows_doors.pr_savemoney. Actual savings will vary by climate region and home characteristics.